

Message Text

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PASS TREASURY

E.O. 11652: N/A

TAGS: EFIN, FR

SUBJECT: FOURCADE ON GOLD AGREEMENTS

1. IN RESPONSE TO ACCUSATION OF FORMER GAULLIST PRIME MINISTER AND FINANCE MINISTER MICHEL DEBRE THAT HE HAD SIGNED AN AGREEMENT "FORBIDDING CENTRAL BANKS TO BUY OR SELL GOLD FOR TWO YEARS," FINANCE MINISTER FOURCADE REPLIED THAT IN WASHINGTON:

I FACED A SITUATION IN WHICH CENTRAL BANKS THE WORLD OVER WERE UNABLE TO EFFECT TRANSACTIONS IN GOLD AND WHERE, BECAUSE OF AMERICAN PROPOSALS AND STRONG PRESSURE FROM THE DEVELOPING COUNTRIES, THE POSSIBILITY AROSE OF SELLING PART OF THE IMF GOLD STOCK ON THE MARKET WITHOUT CENTRAL BANKS BEING ABLE TO BUY IT."

"ALL MY EFFORTS, FOR SOME MONTHS, FROM CONFERENCE TO CONFERENCE AND MEETING TO MEETING, WERE DIRECTED TO OBTAINING AGREEMENT ON THE PRINCIPLE OF FREEDOM OF (GOLD) TRANSACTIONS AMONG CENTRAL BANKS, AND ENSURE THAT THE

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SALE OF IMF GOLD STOCKS AND THE FREEDOM OF CENTRAL

BANKS TO BUY GOLD WOULD BEGIN AT EXACTLY THE SAME TIME.

"WHAT I AGREED TO WAS NOT A PROHIBITION, BUT AN AGREEMENT AMONG THE CENTRAL BANKS OF THE GROUP OF TEN COUNTRIES, WHICH HOLD A GREAT PORTION OF THE WORLD'S MONETARY RESERVES, THAT FREEDOM OF (GOLD) TRANSACTIONS WOULD NOT RESULT IN THE RESURRECTION OF AN OFFICIAL GOLD PRICE. THIS FREEDOM EXISTS WITHIN THE FRAMEWORK OF AN OVERALL LIMIT WHICH ... INCLUDES THE ENTIRE GOLD STOCK OF THE IMF AND THE ENTIRE GOLD STOCK OF THE BANKS OF THE (GROUP OF) TEN.

"THUS, I OBTAINED, AND AM GLAD OF IT, A RECOGNITION OF THE PRINCIPLE OF THE FREEDOM OF GOLD TRANSACTIONS AND I PUT OFF UNTIL TOMORROW -- AFTER WE HAVE BEGUN TO RID OURSELVES OF FLOATING AND INSTABILITY, AFTER WE HAVE MADE SOME PROGRESS IN THE PRODUCER-CONSUMER DIALOGUE ON THE PRICE OF ENERGY AND PRIMARY PRODUCTS -- THE HOPE OF RETURNING TO MORE STABLE AND NORMAL SYSTEMS.

"I AGREE WITH YOU ENTIRELY: IT IS VITAL FOR THE COUNTRIES OF THE WEST, AND EVEN FOR THOSE OF THE EAST, WHICH ARE ALSO GOLD PRODUCERS AND ALSO PARTICIPATE IN THE GOLD MARKET TO ARRIVE AT A MORE NORMAL RELATIONSHIP (SYSTEM) AMONG GOLD, RESERVE CURRENCIES AND INTERNATIONAL PAYMENTS INSTRUMENTS."
RUSH

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